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Chile - ITT

OVERSEAS PRIVATE

INVESTMENT CORP.

CIA 104 Broe, William

ARTICLE APPEARED
ON PAGE 2THE WALL STREET JOURNAL
21 March 1978

U.S. Charges 2 ITT Aides Lied to Senate On Firm's Bid to Stop '70 Allende Victory

By JERRY LANDAUER

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—After months of indecision, the government filed criminal charges against two executives of International Telephone & Telegraph Corp. for giving false testimony to the Senate about the company's clandestine efforts to stop Marxist Salvador Allende from becoming president of Chile in 1970.

But the Justice Department dropped possible prosecution of ITT Chairman Harold Geneen. This decision brought cover-up accusations from Edward Korry, the American ambassador in Chile at the time of Mr. Allende's rise to power. In a telephone interview, Mr. Korry alleged that Mr. Geneen isn't being prosecuted because "he knows too much" about the Central Intelligence Agency's relationships with U.S.-based multinational corporations around the globe.

ITT hadn't any immediate comment on the former ambassador's allegations regarding Mr. Geneen.

In another development, the Overseas Private Investment Corp., or OPIC, made available documents showing that the CIA lied about its own—and ITT's—secret financing of Mr. Allende's chief opponent in the 1970 election.

Possibly in part because the CIA refused to acknowledge that ITT cooperated with the agency's efforts in Chile, OPIC, the government agency that insures U.S. companies' investments abroad, eventually honored ITT's \$92.5 million claim arising from the Allende government's expropriation of ITT properties.

The Justice Department's charges against Mr. Geneen's subordinates, Senior Vice President Edward Gerrity and Robert Berrellez, a regional public relations manager, were filed just as the five-year statute of limitations was running out on some of the alleged-criminal acts. The two men waived their rights to indictment by a grand jury, opting instead to let the government file "criminal informations," each charging six felony counts of perjury, making false statements and obstruction of the OPIC proceedings.

ITT promptly issued a statement expressing confidence in the two men and predicting a verdict of innocence after trial. "Our executives have cooperated (with the Justice Department) and have had the full support and backing of the corporation," the

company's statement emphasized. ITT doesn't know of any "reason why their testimony would have been other than truthful and ITT continues to have confidence in Mr. Gerrity's and Mr. Berrellez's integrity. They both continue to serve as valuable executives of ITT. We are fully confident they will be found innocent."

Despite the company's strong affirmation of the men's innocence, Messrs. Gerrity and Berrellez actually have been plea bargaining with Justice Department attorneys for several weeks. In all likelihood, sources said, the government ultimately will accept pleas of guilty to relatively minor misdemeanor counts, as it did in the case of former CIA Director Richard Helms. Mr. Helms pleaded guilty to giving less than candid testimony to congressional committees investigating the CIA's involvement in the 1970 Chilean elections.

Yet even if the accused executives don't choose to stand trial, the details of U.S. government and corporate intervention in the 1970 Chilean elections are generally known starting with hearings by the Senate Subcommittee on Multinational Corporations that began in March 1973.

The Senate Intelligence Committee supplied further details in 1975, including an assertion, based on examination of CIA files, that the CIA rendered "advice on how to pass" \$350,000 to Mr. Allende's opponents by ITT. "A roughly equal amount was passed by other U.S. companies," the Intelligence Committee related; these companies haven't all been identified yet.

Besides, according to the two Senate committees and to the hearing record of an OPIC arbitration panel, ITT offered to give the U.S. government \$1 million as part of any plan to thwart Mr. Allende's election; discussed plans with the CIA to create economic chaos in Chile after he became president (Mr. Allende was ultimately overthrown by a military coup); solicited other companies to join ITT's anti-Allende initiatives, and urged the White House "to see that Allende doesn't get through the crucial next six months."

Mr. Geneen testified about the documented events under oath to the Senate multinational subcommittee on April 2, 1973. "ITT didn't take any steps to block the election of Salvador Allende as president of Chile," the executive swore. "Nor did ITT

contribute money to any person or to any agency of any government to block the election of Dr. Allende," Mr. Geneen also asserted.

The CIA fed the same story to OPIC beginning in 1972, when that agency was considering ITT's risk insurance claim for expropriated properties of the corporation's Chile Telephone Co.

As OPIC explained to the CIA in a letter, the U.S. government isn't liable if ITT provoked the expropriation "unless the actions by the company were taken at the specific request of the U.S. government."

In a reply letter that turned out to be less than truthful, the CIA's general counsel responded that ITT didn't carry out any "activities at the request of this agency and we don't know what activities, if any, the company in fact engaged in."

OPIC nevertheless rejected ITT's insurance claim, whereupon the company exercised its legal right to convene a panel of arbitrators. Again OPIC asked the CIA for information about ITT's intervention in the Chilean election and, again, the intelligence agency chose to protect its relationship with ITT rather than tell the truth.

"We haven't any documented information which would clarify for OPIC the basic question of whether ITT did engage in actions which 'provoked' the government of Chile into nationalization proceedings against ITT's subsidiary, the Chile Telephone Co.," the CIA said, declining to permit testimony by William Broe, in charge of clandestine operations for Latin America.

In November 1974, the arbitrators ruled in the company's favor. Among other findings, the arbitrators held that ITT's activities in Chile were "very limited" and that the company's \$350,000 political contribution—"if in fact one had been made"—didn't constitute a violation of Chilean law.

OPIC decided some time ago that it wouldn't reopen its proceedings in the ITT expropriation case.

Mr. Gerrity, among other things, told the Senate subcommittee that the company's \$1 million stop-Allende offer to the U.S. government was intended "to confirm our confidence in and to help the Chilean economy" and that Mr. Geneen's apparent motive was to help launch low-cost housing or farming projects for the poor. Mr. Berrellez, among other alleged crimes, was accused of participating in a conspiracy to prevent the Senate panel from learning about exchanges of information between ITT executives and CIA officials.